THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir. As reported by the Reserve Bank of India (RBI), the outstanding amount of loan sanctioned by the commercial banks to the priority and non-priority sectors as at the end of March, 2007 is as under:

	(Amount Rs. in crores)
Priority Sector Advances	6,68,203
Non-Priority Sector Advances	12,25,301

(b) If the higher volume of credit to non-priority Sector is attributed to the existing policy of the RBI, which is responsible for the monitoring of credit needs of the economy, for channeling higher proportion of Adjusted Net Bank Credit (ANBC) in the ratio of 40:60 between priority and non-priority sectors, keeping in view competing needs of the economy.

Performance parameters for States

973. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether Central Government have set performance parameters for State Governments to achieve in the matter of utilisation of funds;

(b) if so, the details thereof, State-wise;

(c) whether incentive is granted to State Governments complying with the parameters;

(d) if so, number of State Governments recommended in Eleventh Finance Commission Report for such incentive;

(e) whether as per the incentive programme, un-utilised funds out of the Incentive Funds have to be released to performing States;

(f) if so, details thereof and whether Karnataka has requested for release of un-utilised fund amounting to Rs.286.15 crores; and

(g) if so, the details thereof and Centre's response thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (e) Pursuant to the recommendations of the Eleventh Finance Commission (EFC), Government of India created a Fiscal Reforms Facility (2000-01 to 2004-05) and had set up an Incentive Fund. The release from the Incentive Fund to the States was based on the performance of single monitorable fiscal objective *i.e.* 5 percentage point improvement in revenue deficit as percentage of revenue receipts (reduced to 2 % point for special category States prospectively from 2002-03) in each year till 2004-05. For revenue surplus States, 3 percentage point improvement in Balance from Current Revenue as percentage of non-plan revenue receipts was the criteria. States were to formulate Medium Term Fiscal Reform Programme aimed at fiscal consolidation. Based on the fiscal performance, grants from the Incentive Fund were released to the eligible States.

The EFC recommended that the grants for specific purpose, which remain un-utilised due to non-observance of conditionalities attached to the release of the grants, may also be added to the Incentive Fund in the fifth year, *i.e.*, 2005-06 for distribution among the performing States. EFC also recommended that the final decision in respect of the undisbursed balance amount from the Incentive Fund will be subject to review of the Twelfth Finance Commission (TFC). TFC reviewed this arrangement and recommended that the Scheme of FRF may not continue over its award period, 2005-10 as the Scheme of Debt Relief recommended by it obviates the need for a separate Fiscal Reform Facility. The Government has accepted the recommendation of TFC.

(f) and (g) Some States including Karnataka had requested for pro-rata distribution of the undisbursed amount of Fiscal Reforms Facility Fund (FRF) of the EFC. GoI has informed Government of Karnataka that it is not possible to disburse the undisbursed portion of the incentive fund as the Scheme itself has been discontinued by TFC.

Management of pension funds

974. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the entities that would be promoted by three public sector financial institutions would manage the pension funds;

(b) if so, whether any instructions would be laid down for the safety of the funds while investing in the stock market;

(c) if so, in which products the funds would be invested and also the details of the instructions laid down for safe investment;

(d) the total quantum of funds proposed to be invested; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The Pension Fund Regulatory and Development Authority, through a competitive bidding process has identified three public sector entities *viz.* State Bank of India, Life Insurance Corporation of India and UTI- Asset Management Company Private Ltd. as sponsors of pension funds to manage the funds of the New Pension System in respect of Government of India employees who have joined on or after 1.1.2004.

(b) and (c) The pattern of permissible investments for non-government provident funds, superannuation funds and gratuity funds is prescribed by Government. With a view to providing wider avenues for investment by such funds this pattern of investment is periodically revised. There is no compulsion to invest in stock market as per this pattern. Investment decisions are taken by trustees of each fund based on their assessment of risk-return trade-off, and not by the Government.

The last notification in this regard was issued in January, 2005. This pattern of investment has been made applicable in respect of pension funds to be managed by the entities promoted by Public Sector Financial Institutes. As per the revised